

265—45.6(16) Linked deposits. The process to create a linked deposit shall be as follows:

45.6(1) Once a financial institution or lender has received a completed loan application from a borrower, the financial institution or lender shall notify the authority via a linked deposit reservation request. The reservation request shall be on a form which is created and may be periodically updated by the authority and which may be in a paper format or an online web-based format at the authority's discretion. The authority shall review the reservation request; if the reservation request is approved, the authority shall tentatively reserve an amount in or available to the fund for up to 60 days for a linked deposit for the mortgage loan that was the subject of the request. No reservation shall be made if the requested mortgage loan amount exceeds the amount(s) in and available to the fund. The reservation shall be terminated if the mortgage loan does not close within the 60-day period. If the reservation request is not approved, the authority shall notify the financial institution or lender that originated the mortgage loan and state the reason why the request was not approved.

45.6(2) The financial institution or lender that originated the mortgage loan shall review the borrower's mortgage loan application, applying ordinary manufactured housing lending underwriting criteria. If the loan application is approved by the financial institution or lender, the financial institution or lender shall submit a request to the authority for a linked deposit. The request shall be on a form which is created and may be periodically updated by the authority and which may be in a paper format or an online web-based format at the authority's discretion.

45.6(3) Upon receipt of a linked deposit request, the authority shall review the information provided and make a determination as to whether the mortgage loan is eligible under the program's criteria. If necessary, the authority may request additional information. If the mortgage loan is determined eligible, the authority shall, if necessary to make the linked deposit, transfer moneys from one or more of the revolving funds, at the authority's discretion, into the fund to ensure there is a sufficient amount available in the fund to make the linked deposit. The authority shall then deposit with the financial institution an amount equal to the principal amount of the mortgage loan via automated clearing house (ACH) money transfer. The linked deposit shall not be security for the mortgage loan or for the interlender loan, if any, nor shall it be a loan guarantee. The lender or financial institution making the mortgage loan shall bear all financial risk for the mortgage loan. The financial institution shall bear all financial risk for any interlender loan. If the mortgage loan is determined ineligible, the authority shall notify the financial institution or lender that originated the mortgage loan and state the reason why the request was not approved.

45.6(4) The authority shall receive monthly bank statements for the linked deposit account.

45.6(5) The moneys in the linked deposit account shall remain in the account for the duration of the mortgage loan. Annually, as of June 30, the financial institution or lender that originated the mortgage loan shall notify the authority of the amount of principal that has been repaid on the mortgage loan during the previous 12 months. The authority shall then withdraw from the linked deposit account an amount equal to the principal that was repaid on the mortgage loan during the previous year so that the amount of the linked deposit equals the outstanding principal balance of the mortgage loan.

45.6(6) If a financial institution has more than one mortgage loan in the program, the linked deposits for those mortgage loans may be maintained in a single account.

45.6(7) The linked deposit for a mortgage loan shall be withdrawn in full if the mortgage loan is paid off, if the manufactured home purchased with the mortgage loan proceeds is destroyed, or if the borrower defaults on the mortgage loan.

45.6(8) The linked deposit account shall bear interest at a rate of not less than 1 percent per annum.

[ARC 4168C, IAB 12/5/18, effective 1/9/19]